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**FEDERAL RESERVE BANK OF DALLAS**

Station K, Dallas, Texas 75222

Circular No. 84-22  
February 3, 1984

**TO:** All member banks and others concerned in the Eleventh Federal Reserve District

**ATTENTION:** Chief Executive Officer

**SUBJECT:** Proposed amendments to Regulation T -- Credit By Brokers and Dealers

**SUMMARY:** The Board of Governors of the Federal Reserve System is proposing to amend its Regulation T to permit an options clearing agency to accept margin securities to meet its deposit requirements. Interested parties are invited to submit comments to Mr. William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, Washington, D.C., 20551. Comments should refer to Docket No. R-0500 and must be received by February 15, 1984.

**ATTACHMENTS:** Board's press release and material as submitted for publication in the Federal Register

**MORE INFORMATION:** Legal Department, Extension 6171

**ADDITIONAL COPIES:** Public Affairs Department, Extension 6289

# FEDERAL RESERVE press release



For immediate release

January 12, 1984

The Federal Reserve Board today published, for public comment, a proposal to amend Regulation T, Credit by Brokers and Dealers.

The Board requested comment by February 15, 1984.

The proposed rule would permit an options clearing agency regulated by the Securities and Exchange Commission (SEC) to accept any margin securities to meet its deposit requirements provided the clearing agency rules regarding the deposit have been approved by the SEC. An options clearing corporation issues options contracts and guarantees their performance.

The Board's current rule permits the use of a more limited class of securities. The Board's action is intended to coincide with related action by the SEC on rules that have been filed with the Commission by the Options Clearing Corporation. The proposed action will generally permit brokers and dealers to use the same securities for the clearing deposit as they now use at banks in connection with loans secured by customer securities.

The Board's notice is attached.

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Attachment

Federal Reserve System

Regulation T

(12 CFR 220)

[Docket No. R-0500]

Credit By Brokers and Dealers

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Proposed Rule.

SUMMARY: The Board is proposing to amend Regulation T (12 CFR 220, Credit By Brokers and Dealers) to permit an options clearing agency to accept margin securities to meet its deposit requirements. This action is being taken in order to facilitate the SEC's approval of a proposed Options Clearing Corporation program whereby the class of securities eligible for the options clearing agency's deposit requirements will be expanded.

DATE: Comments should be received on or before February 15, 1984.

ADDRESS: Comments, which should be refer to Docket No. R-0500, may be mailed to Mr. William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551 or delivered to the C Street Entrance between 8:45 a.m. and 5:15 p.m.

FOR FURTHER INFORMATION CONTACT: Laura Homer, Securities Credit Officer, or Robert Lord, Attorney, Division of Banking Supervision and Regulation (202) 452-2781.

SUPPLEMENTARY INFORMATION:

The Options Clearing Corporation ("OCC") has a program ("valued securities program") in which it accepts certain margin securities from its clearing members in satisfaction of their OCC deposit requirements. OCC's activities are subject to Regulation T, which currently permits the deposit only of any underlying securities for classes of option contracts outstanding at the time of the deposit. OCC recently filed a proposed rule change (File No. SR-OCC-83-17) with the SEC to expand its valued securities program by eliminating the requirement that only stocks underlying listed options can be deposited with OCC, and permitting the deposit of any common stocks which (i) are traded on a national securities exchange, or are NASDAQ securities that are designated as National Market System securities pursuant to SEC Rule 11Aa 2-1 (17 CFR 240.11Aa-2), (ii) have last sale reports disseminated on the consolidated tape and (iii) have a market value greater than \$10 per share; provided that stocks which are suspended from trading or which are subject to special requirements under exchange margin rules may not be deposited with OCC. The Board believes the rule change proposed by OCC is appropriate and, therefore, is proposing an amendment to Regulation T that, in conjunction with the SEC rule approval, will permit the expanded deposit program to take place without unnecessary delay. The amendment to Regulation T would permit the deposit of any margin security which also meets SEC-approved criteria for clearing deposits.

INITIAL REGULATORY FLEXIBILITY ANALYSIS:

The change proposed pursuant to this action reduce specific administrative and regulatory burdens. The Board certifies for purposes of 5 U.S.C. 605(b), therefore, that the proposed amendment to Regulation T is not expected to have any adverse impact on a substantial number of small businesses.

List of Subjects in 12 CFR Part 220

Banks, Banking, Borrowers, Brokers, Credit, Federal Reserve System,  
Margin, Margin Requirements.

Accordingly, pursuant to sections 7, 8, and 23 of the Securities Exchange Act of 1934, as amended (15 U.S.C. §§ 78g, 78h, and 78w) the Board proposes to amend Regulation T (12 CFR 220) as follows:

In section 220.14(b), subparagraphs (3) and (4) would be deleted in their entirety, and replaced with a single new subparagraph (3), which would read as follows:

"(3) the deposit consists of any margin security and complies with the rules of the clearing agency which have been approved by the SEC."

By order of the Board of Governors of the Federal Reserve System,  
January 11, 1984.

(signed) William W. Wiles

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William W. Wiles  
Secretary of the Board